

FISCAL NOTE

Bill #: HB0135 **Title:** Clarify use of tuition fund for schools
Primary Sponsor: Andersen, J **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
Expenditures:		
General Fund	\$0	(\$16,100)
Net Impact on General Fund Balance:	\$0	\$16,100

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|---|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. Districts currently include students who are enrolled in private day-treatment under an approved individualized education program (IEP) in their enrollment counts for ANB purposes, and receive budget authority and state and local funding in their general fund for these students.
2. Currently the cost of a student's education program, including the cost of day treatment provided by a private school located in or outside of the student's resident district, is paid from the resident district's general fund. Under HB 135 districts will initially pay the full cost of day treatment provided under an IEP out of the district's Tuition Fund. The Tuition Fund is funded by a local, non-voted property tax levy.
3. Students enrolled in day treatment under an IEP will not be included in a district's enrollment counts beginning with the October 2003 count. Instead, a count of these students will be reported to the Office of Public Instruction at year-end. The Office of Public Instruction will calculate the total State ANB entitlement to which the district would be eligible if these students were included in the district's enrollment counts and will reimburse the district's Tuition Fund for the difference between that and the amount the district received in State ANB entitlement.
4. It is estimated that approximately 20 students statewide are in day treatment under an IEP of a school district.
5. The direct state aid ANB payment to district Tuition Funds under HB 135 will equal the direct state aid ANB payment to district general funds for these students under current law.
6. Students that are in private day treatment facilities are generally high school age students.

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(continued)

7. Beginning in FY 2005 the state will not be obligated to pay GTB for these students. The average GTB payment per high school ANB in the Governor's Budget is \$805 in FY 2005. The total savings in state general fund will be \$805 times 20 or \$16,100 in FY 2005.

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<u>Expenditures:</u>		
Local Assistance	\$0	(\$16,100)
<u>Funding of Expenditures:</u>		
General Fund (01)	\$0	(\$16,100)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	\$16,100

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The cost for day treatment education only is approximately \$8,500 per year per student. Generally, the Department of Health and Human Services pays for the treatment portion of the day treatment cost for Medicaid eligible students. A district could charge treatment costs for non-Medicaid eligible students to the tuition fund. The cost or potential cost for this is unknown.

Local property taxes levied in school district Tuition Funds will increase to pay for the tuition of these students in private day treatment facilities. The increase in the Tuition fund levies could be offset by a decrease in district general fund levies. The total potential increase in levies is unknown.

LONG-RANGE IMPACTS:

If HB 135 becomes law and day-treatment costs are funded outside the district general fund, which is capped, districts may choose to place additional students in private day-treatment programs.